

## **LLC's & Subchapter S corporations**

At its December 2003 meeting, the Commission reviewed the issue of licensees being paid as Subchapter S corporations or as LLC's. Under Kentucky license law, only individuals are licensed, not companies. Under Kentucky license law, then, only an individual licensee can be paid a commission for real estate brokerage work. Many licensees have been advised by their accountants to establish Subchapter S corporations or LLC's for more favorable tax treatment. The Commission determined that licensees could legally be paid as follows:

Joe Smith, d/b/a (which means "doing business as") Joe Smith, LLC.

or

Joe Smith d/b/a/ Joe Smith, Inc.

The individual's name must appear first on the check from the broker.

Please feel free to contact the Commission with any questions.

It is also a good idea to check with your errors and omissions carrier to make sure that you will be covered by the policy or to determine if you need any additional coverage for the Subchapter S corporation or the LLC.